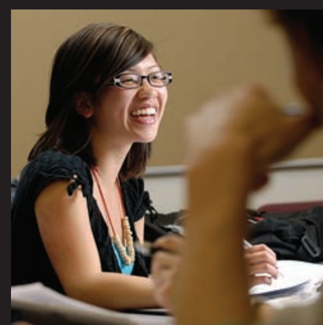
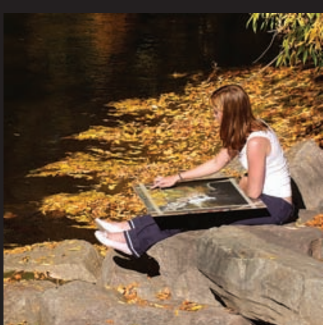
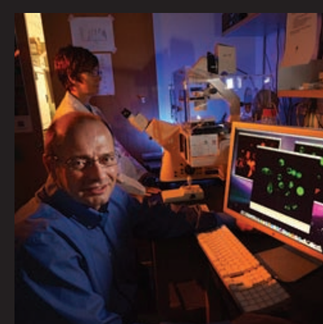
Creating Futures in:

Learning & Teaching



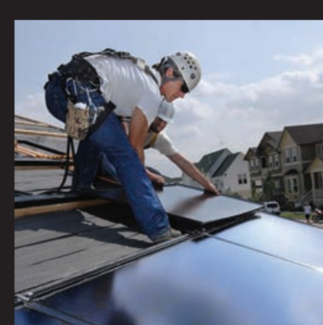
Health & Wellness





Community & Culture

Discovery & Innovation



University of Colorado Foundation

Annual Report 2012–13

To Our Donors, Friends, and Colleagues

As we look back at 2012-13, we see much to be proud of throughout the University of Colorado. Nearly 50,000 donors gave $128.8 million through the University of Colorado Foundation—establishing a new benchmark, and comprising an important component of the $258.2 million in private support CU received in 2012–13. Their gifts invigorate all four of CU's campuses, and have brought us to the brink of the completion of the university's $1.5 billion *Creating Futures* campaign.

We've seen these gifts infuse CU priorities such as:

- **Learning and Teaching,** with a new donor-endowed lecture series on the CU Denver campus that will narrow the gap between high-tech advances and the public's understanding of them
- **Discovery and Innovation,** with more than $10 million in combined gifts to the CU Eye Center at the Anschutz Medical Campus, expanding the center's ability to conduct critical research in areas such as macular degeneration
- **Community and Culture,** with commitments totaling $2 million that establish a new endowment for the Thompson Jazz Studies Program at CU-Boulder
- **Health and Wellness,** with a $2 million grant to help UCCS launch a new clinical hub for military veterans coping with trauma-induced mental health issues


Carl "Spike" Eklund and Rick Lawrence

Moving forward, we see the University of Colorado entering a dynamic new phase in which fundraising becomes ever more integrated into the core structure of the university. Development staff that had previously been under the auspices of the CU Foundation now work directly for the university, with the goal of creating closer contact with the people and programs they serve. These changes are intended to help CU's development operation evolve in an era in which fundraising is increasingly critical for public universities throughout the nation.

The CU Foundation will continue to focus on critical fiduciary aspects of fundraising, including the management and accounting of gifts and gift funds and the investment of CU's endowments—which on June 30, 2013 totaled $879.5 million, the highest total in CU history.

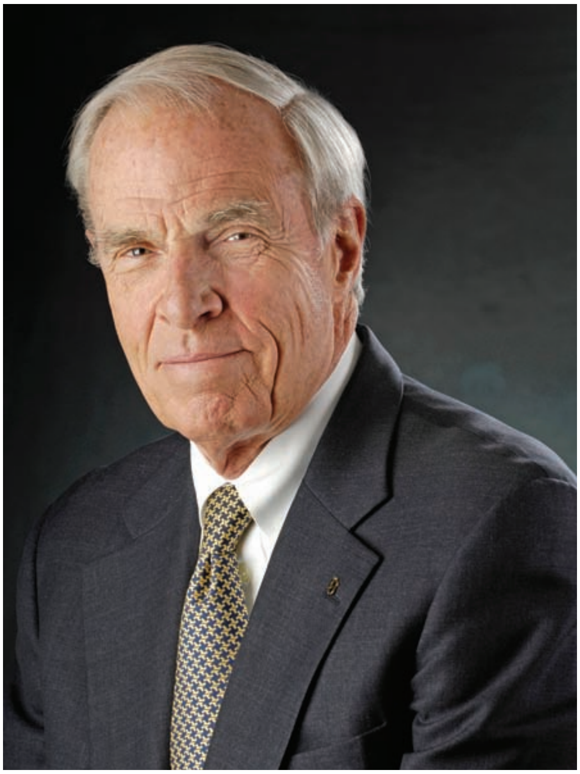
Amid these organizational changes, we remain committed to honoring our donors and ensuring that their gifts are managed and directed to maximize their positive impact at the university. Thank you for all you do to support the University of Colorado.

Sincerely,

Rick Lawrence ('80)
President and CEO
CU Foundation

Carl ("Spike") Eklund ('67, '71)
Chairman
CU Foundation Board of Directors

Dear Friends,



Private support is critical to ensuring a margin of excellence at the University of Colorado. Our donors add substantial value to people, programs, and places across our four campuses.

Our $1.5 billion *Creating Futures* campaign has demonstrated not only significant value added, but also the confidence our donors have in the university. It is incumbent upon us to live up to that confidence through prudent fiscal management and appropriate investments of endowment funds. We are keenly aware of our responsibility to be good stewards of the funds donors have entrusted to us.

This annual report provides a detailed look at the financial health of the CU Foundation, as well as how we meet our stewardship responsibilities. Over the course of the *Creating Futures* campaign, the university's endowment has increased by over 50 percent. That substantial increase brings with it an increased need for accountability and transparency. The pages of this report reflect how we are meeting those.

The university is in the midst of revamping its fundraising operations. One of the prime imperatives of that restructuring is to ensure that we pair accountability with responsibility among our fundraisers and their support staff. As we transition, one thing will not change: we will ensure that accountability in our finances and financial reporting continues to be part and parcel of what we do.

Sincerely,

Bruce D. Benson
President

EKS&H
AUDIT | TAX | CONSULTING

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F: 303-740-9009
www.EKSH.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
University of Colorado Foundation
Boulder, Colorado

We have audited the accompanying financial statements of the University of Colorado Foundation (a Colorado non-profit corporation), which are comprised of the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Colorado Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EKS+H LLLP
EKS&H LLLP

October 23, 2013
Denver, Colorado

Consolidated Statements of Financial Position

As of June 30,	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 15,032,323	$ 13,726,378
Accounts receivable, net	48,659	323,823
Contributions receivable, net (Note 3)	15,603,372	16,424,657
Other assets	465,833	281,456
Total current assets	31,150,187	30,756,314
Noncurrent assets:		
Contributions receivable, net (Note 3)	43,213,518	41,558,272
Investments (Notes 4, 5)	1,203,985,957	1,064,325,444
Assets held under split-interest agreements (Notes 4, 7)	41,288,193	58,264,127
Beneficial interest in charitable trusts held by others (Note 7)	5,543,205	5,278,368
Property and equipment, net (Note 8)	2,685,162	2,048,407
Total noncurrent assets	1,296,716,035	1,171,474,618
Total assets	$ 1,327,866,222	$ 1,202,230,932
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,749,475	$ 2,226,227
Accounts payable and accrued liabilities–University	5,994,695	6,780,011
Liabilities under split-interest agreements (Note 7)	2,718,251	3,540,031
Custodial funds (Note 2)	8,088,851	7,485,141
Deferred revenue (Note 2)	–	375,000
Capital lease liability (Note 10)	951,093	820,756
Total current liabilities	20,502,365	21,227,166
Noncurrent liabilities:		
Funds held in trust for others	2,369,495	2,158,928
Liabilities under split-interest agreements, net of current portion (Note 7)	16,868,393	15,828,422
Custodial funds, net of current portion (Note 2)	270,842,273	240,035,973
Capital lease liability, net of current portion (Note 10)	257,303	1,214,262
Total noncurrent liabilities	290,337,464	259,237,585
Total liabilities	$ 310,839,829	$ 280,464,751
Commitments and contingencies (Notes 9, 13, 14)		
Net assets: (Notes 6, 11, 12)		
Unrestricted:		
Designated	33,845,597	35,870,297
Undesignated	33,452,307	27,369,387
Total Unrestricted	67,297,904	63,239,684
Temporarily restricted	551,738,137	508,306,657
Permanently restricted	397,990,352	350,219,840
Total net assets	1,017,026,393	921,766,181
Total liabilities and net assets	$ 1,327,866,222	$ 1,202,230,932

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions (Note 2)	$ 15,361	$ 88,445,223	$ 39,158,743	$ 127,619,327
Net investment return (Notes 2, 5)	12,584,023	84,584,925	128,909	97,297,857
Development service fees from custodial investments (Note 15)	14,762,756	(12,238,055)	–	2,524,701
Development service fees from the University (Note 15)	5,100,000	–	–	5,100,000
Change in value of split-interest agreements (Note 7)	3,187	1,061,903	1,792,124	2,857,214
Other revenue	919,993	(16,296)	53,006	956,703
Net change in endowments below historical gift value (Notes 6, 11)	190,128	(190,128)	–	–
Other changes in net assets	(1,589,852)	(5,047,878)	6,637,730	–
Net assets released from purpose restrictions (Notes 2, 6, 11, 12)	113,168,214	(113,168,214)	–	–
Total support and revenue	145,153,810	43,431,480	47,770,512	236,355,802
Distributions and expenses:				
Gifts and income distributed and applied	116,341,901	–	–	116,341,901
Supporting services:				
Development (Note 2)	16,059,219	–	–	16,059,219
Administrative	8,694,470	–	–	8,694,470
Total supporting services	24,753,689	–	–	24,753,689
Total distributions and expenses	141,095,590	–	–	141,095,590
Total change in net assets	4,058,220	43,431,480	47,770,512	95,260,212
Net assets, beginning of year	63,239,684	508,306,657	350,219,840	921,766,181
Net assets, end of year	$ 67,297,904	$ 551,738,137	$ 397,990,352	$1,017,026,393

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions (Note 2)	$ 39,260	$ 78,641,515	$ 28,560,159	$ 107,240,934
Net investment return (Notes 2, 5)	1,647,277	(7,126,356)	(26,635)	(5,505,714)
Development service fees from custodial investments (Note 15)	13,465,757	(11,173,420)	–	2,292,337
Development service fees from the University (Note 15)	5,100,000	–	–	5,100,000
Change in value of split-interest agreements (Note 7)	(82,505)	715,397	(799,861)	(166,969)
Other revenue	1,017,518	559,131	12,453	1,589,102
Net change in endowments below historical gift value (Notes 6, 11)	(144,821)	144,821	–	–
Other changes in net assets	(1,133,881)	1,183,902	(50,021)	–
Net assets released from purpose restrictions (Notes 2, 6, 11, 12)	103,703,882	(103,703,882)	–	–
Total support and revenue	123,612,487	(40,758,892)	27,696,095	110,549,690
Distributions and expenses:				
Gifts and income distributed and applied	109,482,115	–	–	109,482,115
Supporting services:				
Development (Note 2)	15,513,472	–	–	15,513,472
Administrative	8,253,257	–	–	8,253,257
Total supporting services	23,766,729	–	–	23,766,729
Total distributions and expenses	133,248,844	–	–	133,248,844
Total change in net assets	(9,636,357)	(40,758,892)	27,696,095	(22,699,154)
Net assets, beginning of year	72,876,041	549,065,549	322,523,745	944,465,335
Net assets, end of year	$ 63,239,684	$ 508,306,657	$ 350,219,840	$ 921,766,181

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30,	2013	2012
Cash flows from operating activities:		
Change in net assets:	$ 95,260,212	$ (22,699,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	611,430	627,867
Loss on disposal of property and equipment	–	8,878
Net realized and unrealized losses (gains)	(88,967,401)	10,200,938
Change in beneficial interest in charitable trusts held by others	(264,837)	(1,262,707)
Permanently restricted contributions	(39,158,743)	(28,560,159)
Change in value of split-interest agreements	(2,857,214)	166,969
Other changes in operating assets and liabilities:		
Accounts receivable	275,164	(239,352)
Contributions receivable, net	(833,961)	(5,315,908)
Other assets	(184,377)	(196,713)
Accounts payable and accrued liabilities (including University)	(262,068)	(1,257,732)
Custodial funds	31,410,010	460,400
Deferred revenue	(375,000)	(21,158)
Funds held in trust for others	210,567	(68,433)
Net cash (used in) operating activities	(5,136,218)	(48,156,264)
Cash flows from investing activities:		
Net (purchases) sales of investments	(50,693,112)	19,527,148
Net contributions under split-interest agreements	22,769,590	3,833,396
Purchase of property and equipment	(1,248,185)	(148,008)
Net cash (used in) provided by investing activities	(29,171,707)	23,212,536
Cash flows from financing activities:		
Permanently restricted contributions	39,158,743	28,560,159
Payments on split-interest agreement obligations	(2,718,251)	(3,540,031)
Payments on capital lease liability	(826,622)	(697,891
Net cash provided by financing activities	35,613,870	24,322,237
Net increase (decrease) in cash and cash equivalents	1,305,945	(621,491)
Cash and cash equivalents, beginning of year	13,726,378	14,347,869
Cash and cash equivalents, end of year	15,032,323	$ 13,726,378
Supplemental disclosures:		
Cash paid for interest (interest expensed $179,201 and $277,189)	$ 188,197	$ 273,961
Unrelated business income tax paid	–	9,400

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. ORGANIZATION

The University of Colorado Foundation (the Foundation) was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado (the Regents) to solicit, receive, hold, invest, and transfer funds for the benefit of the University of Colorado (the University). The Foundation receives fee revenue from the University pursuant to an Agreement for Development Services between the Regents and the Foundation that has been renewed annually (see Note 15).

In 1998, the Foundation established CU Foundation Holdings, Inc. as a separate tax-exempt entity for the purpose of providing for the acquisition, improvement, operation, maintenance and sale of real and personal property from time to time for the ultimate benefit of the University of Colorado Foundation in furtherance of its charitable purposes. At June 30, 2013 and 2012, there was no property assets held by CU Foundation Holdings, Inc.

In September 2009, the Foundation established CUF Boulder II, LLC, a Colorado limited liability company, whose sole member is the Foundation. It was established for the purpose of purchasing a specific building near the University of Colorado at Boulder (UCB). At June 30, 2013 and 2012, net property investments held by CUF Boulder II, LLC totaled $0 and $21,960,945, respectively. On March 1, 2013, the University of Colorado Boulder purchased these property assets for their net value of $20,743,280.

In May 2013, at the request of the University, the Foundation Board of Directors passed a resolution directing the President and CEO and the staff of the Foundation to cooperate with the University in transitioning fundraising and other advancement activities to the University. Implementation of this request began in July 2013. All fundraising and other advancement employees are now staff at the University. The Foundation remains the fiduciary of gift assets, managing the investment portfolio as well as receiving and receipting new gifts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the University of Colorado Foundation, CU Foundation Holdings, Inc., and CUF Boulder II, LLC because the University of Colorado Foundation has both control and an economic interest in each of the organizations. All significant inter-company balances and transactions have been eliminated in consolidation. Collectively, these consolidated entities are hereinafter referred to as “the Foundation” unless otherwise noted.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB). The net assets, support and revenue, program services, and supporting services in the accompanying consolidated financial statements are classified based on the existence or absence of donor-imposed restrictions (see Note 11). Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are generally not subject to donor-imposed restrictions. In general, the unrestricted net assets of the Foundation may be used at the discretion of the Foundation’s management and board of directors to support the Foundation’s purposes, operations, and mission.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that may or will be met either through actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from purpose restrictions.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that are maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, expenses, and distributions during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Foundation considers all unrestricted cash and highly liquid investments with an initial maturity of three months or less, and that are not held as components of the Foundation’s investment portfolio, to be cash equivalents.

Financial Instrument Risk

Potential concentrations of credit risk include cash and cash equivalents, investments, and contributions receivable. The Foundation places temporary cash and money market accounts with creditworthy, high-quality financial institutions. A significant portion of the funds are not insured by the FDIC or related entity. Investments are made primarily by investment managers engaged by the Foundation, and the investments are monitored by management and the Investment Policy Committee of the Board of Directors. Though the market values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation. Collection risk associated with contributions receivable is limited due to the large number of contributors comprising the Foundation’s contributor base, and historical high-collectibility experience.

Contributions and Contributions Receivable

Contributions are recognized when a donor makes an unconditional promise to give, and are recorded as contributions in the consolidated statement of activities.

Contributions receivable are recorded at their estimated net realizable values, discounted using risk-free interest rates effective at the date of the promise to give, if expected to be collected in more than one year. Amortization of the discount is included in contribution revenue.

Subsequent to the initial recording of the contribution receivable, the Foundation uses the allowance method to record amounts estimated to be uncollectible. The allowance is based on the historical collectibility of contributions promised to the Foundation and on management's analysis of specific promises outstanding.

Donated Property

Donated marketable securities and other non-cash donations including land, buildings, and equipment are recorded as contributions at their estimated fair values at the date of donation.

Investments

The Foundation records investment purchases at cost, or when contributed to the Foundation, at the fair values of the investment assets received at the date of contribution.

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the consolidated statement of financial position. The fair values of alternative investments publicly traded on national security exchanges are stated at their closing market prices at June 30, 2013 and 2012, respectively. The fair values of alternative investments not publicly traded on national security exchanges represent the Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the management of the Foundation, or on the basis of other information developed, obtained, and evaluated periodically by the Foundation. Because of inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed. Included in the investments portfolio are real estate and note receivable assets. These assets are stated at cost and present value, respectively.

Net investment return reported in the consolidated statement of activities consists of the Foundation's distributive share of interest and dividends, realized and unrealized capital gains and losses generated from the Foundation's investments, less investment and custodial fees and the investment consultant fees. Restricted gains and investment income are generally reported as increases to temporarily restricted net investment return, and upon expiration of the restrictions, are reclassified to unrestricted investment income.

Property and Equipment

Property and equipment is stated at cost, or fair value if donated, and depreciated over the following estimated useful lives using the straight-line method:

	Estimated useful lives
Furniture, fixtures, equipment, and other	3–7 years
Leasehold and building improvements	5–30 years
Building	15–40 years

Expenditures for maintenance, repairs, and minor replacements are charged to operations, and expenditures for major replacements and betterments in excess of $5,000 are capitalized.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No impairment was considered necessary at the end of June 30, 2013 and 2012.

Custodial Funds

The Foundation holds and invests certain endowment and other funds in trust on behalf of the University. The Foundation also holds funds on behalf of a separate nonprofit corporation.

Custodial funds held at June 30, 2013 consisted of the following:

	University of Colorado	Other nonprofit	Total
Endowment	$ 135,294,405	$ 2,951,752	$ 138,246,157
Non-endowed	140,674,988	9,979	140,684,967
Total	$ 275,969,393	$ 2,961,731	$ 278,931,124

Custodial funds held at June 30, 2012 consisted of the following:

	University of Colorado	Other nonprofit	Total
Endowment	$ 118,653,420	$ 2,686,518	$ 121,339,938
Non-endowed	126,171,950	9,226	126,181,176
Total	$ 244,825,370	$ 2,695,744	$ 247,521,114

Deferred Revenue

Deferred revenue consists of revenue related to an affinity contract with a bank. Royalties paid from this contract are recognized when earned.

Fair Value Measurements

The Foundation follows FASB guidance surrounding fair value measurements. This guidance requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value (see Note 4).

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Development Expenses

Development expenses include the direct fund-raising costs incurred by the Foundation on each of the University campuses and its central office. It also includes other activities involved in soliciting contributions such as planned giving, corporate and foundation relations, and annual giving.

Income Taxes

The University of Colorado Foundation and CU Foundation Holdings, Inc. are exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (the Code). In addition, each entity qualifies for the charitable contribution deduction under Code Section 170 and has been classified as an organization other than a private foundation under Code Sections 509(a)(1), and 509(a)(3), respectively. Accordingly, no provision for income taxes is made for federal, state, or local taxes.

The Foundation applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax provisions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2013 or 2012.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of June 30, 2013 or 2012.

Income from activities not directly related to each entity's tax-exempt purpose is subject to taxation as unrelated business taxable income. During fiscal years 2013 and 2012, the unrelated business income tax liability was immaterial.

Tax years that remain subject to examination include 2008 through the current year for Federal and State returns.

CUF Boulder II, LLC is a single-member limited liability company and does not file separate tax returns. Their activity is reported in the Foundation's IRS Form 990, *Return of Organization Exempt From Income Taxes*.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 financial statement presentation. Such reclassifications had no effect on previously reported net assets.

Subsequent Events

The Foundation has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance. Other than the transition of a portion of its workforce to the University (Notes 1 and 14), there are no additional items of significance.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable, net of allowance for uncollectibles and unamortized discount, are summarized as follows at:

June 30,	2013	2012
Contributions receivable	$ 68,601,909	$ 67,424,303
Less allowance for uncollectibles	(7,982,207)	(8,441,948)
Less unamortized discount	(1,802,812)	(999,426)
Net contributions receivable	$ 58,816,890	$ 57,982,929

Discount rates used by the Foundation to determine the net present value of contributions receivable are based on the duration over which payments are received, and are commensurate with United States Treasury Zero-Coupon Bond rates for the same period. Discount rates used for outstanding contributions receivable range from 0.03% to 5.81%.

Scheduled estimated collections of contributions receivable, net of allowance for uncollectibles and unamortized discount, are as follows at:

June 30,	2013	2012
Amount due in:		
Less than one year	$ 24,122,230	$ 26,611,292
One to five years	32,080,139	30,270,661
More than five years	2,614,521	1,100,976
Net contributions receivable	$ 58,816,890	$ 57,982,929

Contributions receivable related to long-term purposes, such as for an endowment, are classified as non-current assets due to the long-term nature of the underlying purpose.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of cash, receivables, accounts payable, accrued liabilities, and deferred revenue approximate fair value due to the short-term nature of the items. The carrying amounts of contributions receivable due in more than one year and the liabilities associated with split-interest agreements are based on the discounted net present value of the expected future cash flows. The fair value of the Foundation's investments, including custodial funds, are determined based on quoted market price, or in the absence thereof, other third-party and internally developed estimates of fair value using pricing methodologies appropriate in the circumstances.

The Foundation has adopted FASB guidance surrounding fair value measurements. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of quality, risk or liquidity.

Accounting Standards Update ("ASU") No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*, was issued and adopted by the Foundation. This accounting standard update allows the Foundation to use net asset value (NAV) per share, or its equivalent ("practical expedient"), such as member units or an ownership interest in partners' capital, to estimate the fair value of an alternative investment and requires additional fair value disclosures for the Foundation's alternative investments.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income: Valued based on yields currently available on comparable securities of the issuer or other issuers with similar credit ratings.

Alternative investments: Value calculated using the NAV per share of the investments.

The following tables summarize the Foundation's fair value of assets using fair value hierarchy levels.

As of June 30, 2013:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Cash and cash equivalents	$ 15,511,170	$ 15,511,170	$ –	$ –
Domestic Equities				
Large Cap	218,064,114	218,064,114	–	–
Small Cap	36,061,305	36,061,305	–	–
Total Domestic Equities	254,125,419	254,125,419	–	–
International Equities				
Europe	114,321,010	114,321,010	–	–
Emerging Markets	63,053,740	63,053,740	–	–
Asia-Pacific	56,304,351	56,304,351	–	–
Other	26,047,377	26,047,377	–	–
Total International Equities	259,726,478	259,726,478	–	–
Fixed Income				
US Government Securities	70,891,214	15,445,643	55,445,571	–
Asset Backed Securities	40,422,537	14,632,715	25,789,822	–
Investment Grade Credit	41,063,637	2,438,786	38,624,851	–
Net Cash Equivalents	2,751,364	–	2,751,364	–
Non-US Developed	2,666,351	2,032,321	634,030	–
Emerging Markets	3,732,891	2,845,250	887,641	–
High Yield Credit	1,599,810	1,219,393	380,417	–
Other	3,953,246	2,032,321	1,920,925	–
Total Fixed Income	167,081,050	40,646,429	126,434,621	–
Alternative:				
Real Estate	53,923,116	–	–	53,923,116
Private Equity				
Buyout-United States	53,916,021	–	–	53,916,021
Buyout-Global	41,321,950	–	–	41,321,950
Distressed	34,642,498	–	–	34,642,498
Banking	30,800,000	–	30,800,000	–
Total Private Equity	160,680,469	–	30,800,000	129,880,469
Long/Short Hedged Equity	81,403,189	–	–	81,403,189
Absolute Return				
Multi-Strategy	66,998,641	–	–	66,998,641
Opportunistic	48,583,771	–	–	48,583,771
Total Absolute Return	115,582,412	–	–	115,582,412
Venture Capital				
Technology and Life Sciences	48,710,323	–	–	48,710,323
Healthcare	11,179,042	–	–	11,179,042
Other	312,202	–	–	312,202
Total Venture Capital	60,201,567	–	–	60,201,567
Oil and Gas	26,113,393	–	–	26,113,393
Commodities	7,964,366	–	–	7,964,366
Other	529,537	–	310,121	219,416
Total investments at fair value	1,202,842,166	570,009,496	157,544,742	475,287,928
Assets held under split interest agreements:				
Charitable remainder trusts	38,978,968	38,978,968	–	–
Charitable lead trusts	2,130,325	–	2,130,325	–
Pooled income fund	178,900	178,900	–	–
Total assets held under split interest agreements	41,288,193	39,157,868	2,130,325	–
Benefical interest in charitable trusts held by others	5,543,205	–	–	5,543,205
	$ 1,249,673,564	$ 609,167,364	$ 159,675,067	$ 480,831,133

As of June 30, 2012:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Cash and cash equivalents	$ 13,227,178	$ 13,227,178	$ –	$ –
Domestic Equities				
Large Cap	208,369,783	208,369,783	–	–
Small Cap	28,876,473	28,876,473	–	–
Total Domestic Equities	237,246,256	237,246,256	–	–
International Equities				
Europe	74,714,606	74,714,606	–	–
Emerging Markets	51,911,285	51,911,285	–	–
Asia-Pacific	28,418,594	28,418,594	–	–
Other	15,900,785	15,900,785	–	–
Total International Equities	170,945,270	170,945,270	–	–
Fixed Income				
US Government Securities	82,640,885	16,645,702	65,995,183	–
Asset Backed Securities	31,623,317	11,247,096	20,376,221	–
Investment Grade Credit	35,050,281	4,948,722	30,101,559	–
Net Cash Equivalents	3,777,086	1,349,651	2,427,435	–
Non-US Developed	4,195,150	3,149,187	1,045,963	–
Emerging Markets	2,996,536	2,249,418	741,117	–
High Yield Credit	6,520,404	899,768	5,620,636	–
Other	7,205,175	4,498,838	2,706,337	–
Total Fixed Income	174,008,834	44,988,383	129,020,451	–
Alternative:				
Real Estate	48,782,576	–	–	48,782,576
Private Equity				
Buyout-United States	46,299,608	–	–	46,299,608
Buyout-Global	37,072,676	–	–	37,072,676
Distressed	31,513,594	–	–	31,513,594
Banking	29,000,000	–	29,000,000	–
Total Private Equity	143,885,878	–	29,000,000	114,885,878
Long/Short Hedged Equity	58,790,365	–	–	58,790,365
Absolute Return				
Multi-Strategy	66,767,548	–	–	66,767,548
Opportunistic	42,915,163	–	–	42,915,163
Total Absolute Return	109,682,711	–	–	109,682,711
Venture Capital				
Technology and Life Sciences	43,602,136	–	–	43,602,136
Healthcare	11,643,188	–	–	11,643,188
Other	199,542	–	–	199,542
Total Venture Capital	55,444,866	–	–	55,444,866
Oil and Gas	27,735,685	–	–	27,735,685
Other	476,563	–	257,147	219,416
Total investments at fair value	1,040,226,182	466,407,087	158,277,598	415,541,497
Assets held under split interest agreements:				
Charitable remainder trusts	55,975,163	55,975,163	–	–
Charitable lead trusts	2,107,130	–	2,107,130	–
Pooled income fund	181,834	181,834	–	–
Total assets held under split interest agreements	58,264,127	56,156,997	2,107,130	–
Benefical interest in charitable trusts held by others	5,278,368	–	–	5,278,368
	$ 1,103,768,677	$ 522,564,084	$ 160,384,728	$ 420,819,865

In addition to the total investments at fair value, the Foundation holds investment assets at cost or present value at June 30, 2013 and 2012 totaling $1,143,791 and $24,099,262, respectively.

The changes in the financial assets for which the Foundation has used Level 3 inputs to determine fair value are as follows:

	Investments	Beneficial interest in charitable trusts held by others
June 30, 2012 balance	$ 415,541,497	$ 5,278,368
Net realized gains	23,251,572	–
Net unrealized gains (losses)	28,617,247	569,055
Interest, dividends, other income/ losses	4,844,905	–
Investment management fees	(3,033,665)	–
Purchases	68,087,083	8,615
Distributions	(62,020,711)	(312,833)
June 30, 2013 balance	$ 475,287,928	$ 5,543,205

	Investments	Beneficial interest in charitable trusts held by others
June 30, 2011 balance	$ 407,140,840	$ 4,015,661
Net realized gains	22,012,506	–
Net unrealized gains (losses)	(18,435,042)	(230,155)
Interest, dividends, other income/ losses	24,990	–
Investment management fees	(3,018,929)	–
Purchases	66,798,933	1,492,862
Distributions	(58,981,801)	–
June 30, 2012 balance	$ 415,541,497	$ 5,278,368

Net unrealized gains of $29,186,302 and losses of $18,665,197 are included in the net investment return in the accompanying statement of activities which are attributable to Level 3 investments held at June 30, 2013 and 2012, respectively.

Investments in certain entities that calculate net asset value per share are as follows:

Fund description	Fair Value 6/30/2012	Fair Value 6/30/2013	Unfunded Commitments 6/30/2013	Redemption Frequency	Redemption Notice Period
Real Estate	$ 48,782,576	$ 53,923,116	$ 36,394,532	none	n/a
Private Equity	114,885,877	129,880,469	56,437,061	none	n/a
Long/Short Hedge Funds	58,790,365	81,403,189	11,396,136	varies	60 to 180 days
Absolute Return Funds	109,682,712	115,582,412	–	varies	45 to 65 days
Venture Capital	55,444,866	60,201,567	23,619,927	none	n/a
Oil & Gas	27,735,685	26,113,393	6,373,393	none	n/a
Commodities	–	7,964,366	–	none	n/a
Other	219,416	219,416	–	n/a	n/a
Ending balance	$ 415,541,497	$ 475,287,928	$ 134,221,049		

Real Estate includes private equity funds that focus on real estate assets primarily located in the U.S. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of each of these investments ranges from 1 to 10 years. As of June 30, 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the underlying general partner.

Private Equity funds focus on buyout, growth equity and/or distressed debt. These investments are not readily redeemable but a secondary market does exist. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of these investments range from 1 to 12 years. As of June 30, 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the underlying general partner.

Long/Short Hedge Funds are funds that can invest both long and short primarily in common stocks. Management of these funds may invest in value, growth, or event-driven equity opportunities and are typically not restricted by market capitalization, sector, or geography. The underlying portfolios may, at times, have a net short position and may utilize leverage. The fair values in this category have been estimated using the net asset value per share of the investments. As of June 30, 2013, all of the investments in this category are eligible for redemption, but such redemptions may require the payment of a fee or be subject to other restrictions at certain time periods.

Absolute Return Funds are funds that seek to generate returns through the implementation of specialized strategies that have historically exhibited a low correlation to the broad equity markets. These managers may employ strategies such as long/short equity or credit, distressed debt, merger arbitrage, litigation, direct lending, or event-driven strategies, among others, and the allocation to these strategies may vary over time. As of June 30, 2013, all of the investments in this category are subject to certain lock-up restrictions which may limit the amount of capital eligible for redemption at certain time periods.

Venture Capital includes private equity funds that focus on venture capital. These investments are not readily redeemable but a secondary market does exist. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of these investments ranges from 0.5 to 12 years. As of June 30, 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the underlying general partner.

Oil & Gas includes private equity funds that focus on the oil and gas sector and energy focused mezzanine debt. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. The term of these investments ranges from 1 to 10 years. As of June 30, 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the underlying general partner.

Commodities may consist of investments related to food products, energy, metals, and other natural resources. These investments are not readily redeemable. Instead, the nature of these investments relies on interest income and principal repayment from loans made to agricultural firms based in North America. The loans are fully collateralized by the underlying agricultural product or commodity. The term of the investment is generally 3 to 5 years. As of June 30, 2013, the fair values of the investments in this category have been estimated using the practical expedient provided by the underlying general partner.

5. INVESTMENTS

In July 2009, the Foundation entered into an investment advisory agreement with a third party to provide investment management services. The Foundation may terminate this arrangement any time provided it gives 90 days' written notice.

The Foundation's investments include private and publicly held investments, and are structured to provide the financial resources needed to meet the Foundation's charitable objectives. They include a variety of investment products, such as commingled mutual funds and trusts, foreign-domiciled hedge funds and limited partnerships. Marketable and private alternative investments are exposed to various risks that may cause the reported value of the Foundation's investments to fluctuate from period to period and could result in material changes to the net assets of the Foundation. Investments in equity securities fluctuate in value in response to many factors, such as the activities and financial condition of individual companies, general business and industry market conditions, and the state and perceived direction of the economy. The values of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions. Investments in private equity and real estate funds can fluctuate in response to direct market conditions and other factors that may or may not have a high correlation to overall market direction.

Certain investment managers selected by the Foundation are permitted to use investment strategies and techniques designed to achieve higher investment returns with volatility that may be either higher or lower than traditional strategies, but exhibit lower correlations to major market indices and other asset classes. Strategies and techniques, such as the use of leverage, futures and forward contracts, option agreements, and other derivative instruments create special risks and could increase the impact of adverse security price movements on the Foundation's investment portfolio. Certain investments contain liquidity restrictions ranging from less than one month to more than one year.

Many of the investments held in the portfolio have a management cost component which may or may not be discretely reported, and which can vary depending on the timing of capital investments, life cycle of the fund, accounting methodology followed by the fund, flows of investments and redemptions within the accounting period, and the degree to which a manager charges an incentive fee. Discrete investment management fees are included in the net investment return tables below.

Investments consisted of the following at:

June 30,	2013	2012
Cash and cash equivalents	$ 15,511,170	$ 13,227,178
Equities		
Domestic	254,125,419	237,246,256
International	259,726,478	170,945,270
Fixed Income	167,081,050	174,008,833
Alternative:		
Real Estate	54,727,176	72,490,226
Private Equity	160,680,469	143,885,880
Long/Short Hedge Funds	81,403,189	58,790,365
Absolute Return Funds	115,582,412	109,682,710
Venture Capital	60,201,567	55,444,866
Oil and Gas	26,113,393	27,735,685
Commodities	7,964,366	–
Other	869,268	868,175
Total investments	$1,203,985,957	$1,064,325,444

Net investment return for the year ended June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net realized gains	$ 6,595,296	$ 32,406,635	$ 117,151	$ 39,119,082
Net unrealized gains	2,107,844	47,740,475	–	49,848,319
Interest, dividends and other income	4,885,894	10,125,214	11,758	15,022,866
Investment management and custodial fees	(1,005,011)	(5,687,399)	–	(6,692,410)
Net investment return	$ 12,584,023	$ 84,584,925	$ 128,909	$ 97,297,857

Net investment return for the year ended June 30, 2012 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net realized gains/(losses)	$ 1,654,110	$ 11,623,214	$ (6,477)	$ 13,270,847
Net unrealized (losses)	(3,696,737)	(19,755,139)	(19,909)	(23,471,785)
Interest, dividends and other income	4,682,314	6,208,331	(3,642)	10,887,003
Investment management and custodial fees	(992,410)	(5,202,762)	3,393	(6,191,779)
Net investment return	$ 1,647,277	$ (7,126,356)	$ (26,635)	$ (5,505,714)

6. ENDOWMENTS

Total managed endowments at the Foundation were $885,383,881 and $771,320,359, respectively, at June 30, 2013 and June 30, 2012. Included in these totals are custodial endowments (see Note 2) totaling $138,246,157 and $121,339,938 respectively, at June 30, 2013 and June 30, 2012. Foundation endowments consist of various individual funds established for a variety of purposes.

The composition of endowments (net of custodial endowments) by type of fund as of June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ –	$ 122,790,730	$ 364,744,537	$ 487,535,267
Quasi-endowment funds	14,000	236,953,238	–	236,967,238
Board-designated endowment funds	22,635,219	–	–	22,635,219
Total	$ 22,649,219	$ 359,743,968	$ 364,744,537	$ 747,137,724

The composition of endowments (net of custodial endowments) by type of fund as of June 30, 2012 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ –	$ 98,342,086	$ 320,784,107	$ 419,126,193
Quasi-endowment funds	24,000	209,385,192	–	209,409,192
Board-designated endowment funds	21,445,036	–	–	21,445,036
Total	$ 21,469,036	$ 307,727,278	$ 320,784,107	$ 649,980,421

The endowments include donor-restricted endowment funds, quasi-endowments and board-designated endowment funds. Donor-restricted endowment funds are permanent charitable funds whose principal is treated in accordance with a defined spending policy or which must be preserved in perpetuity as a condition imposed by the donor. Quasi-endowments are those purpose restricted gifts which are intended to be maintained in perpetuity; however, under specific circumstances defined by the donor, the principal may be invaded fully to meet the defined purpose. Board-designated endowments are unrestricted funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the State of Colorado enacted UPMIFA and the FASB issued FASB Staff Position (FSP) No. 117-1 which provides guidance on the net asset classification of donor-restricted endowment funds subject to UPMIFA as well as additional disclosure requirements for both donor-restricted and board-designated endowments.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;

(2) The purpose of the Foundation and the donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of the Foundation; and

(7) The investment policies of the Foundation.

Changes in endowment net assets for the fiscal year ended June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 21,469,036	$ 307,727,278	$ 320,784,107	$ 649,980,421
Investment return:				
Investment income	306,405	9,364,568	–	9,670,973
Net appreciation (realized and unrealized)	2,335,735	74,249,579	128,909	76,714,223
Total investment return	2,642,140	83,614,146	128,909	86,385,196
Contributions received	16,365	8,621,788	36,993,129	45,631,282
Appropriation of endowment assets for expenditure	(1,496,732)	(37,281,031)	–	(38,777,763)
Other reclassifications and additions	18,410	(2,938,214)	6,838,392	3,918,588
Endowment Assets (end of year June 30, 2013)	$ 22,649,219	$ 359,743,967	$ 364,744,537	$ 747,137,724

Changes in endowment net assets for the fiscal year ended June 30, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 22,967,005	$ 335,355,512	$ 297,976,901	$ 656,299,418
Investment return:				
Investment income	216,519	6,123,512	–	6,340,031
Net depreciation (realized and unrealized)	(628,429)	(14,151,373)	(17,131)	(14,796,933)
Total investment return	(411,910)	(8,027,861)	(17,131)	(8,456,902)
Contributions received	25,480	6,411,545	22,756,146	29,193,171
Appropriation of endowment assets for expenditure	(1,051,393)	(36,737,747)	–	(37,789,140)
Other reclassifications and additions	(60,146)	10,725,829	68,191	10,733,874
Endowment Assets (end of year June 30, 2012)	$ 21,469,036	$ 307,727,278	$ 320,784,107	$ 649,980,421

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, accumulated deficiencies of this nature are reported in unrestricted net assets and were $6,665 and $196,793 in fiscal years ending June 30, 2013 and June 30, 2012, respectively (see Note 11). These deficiencies resulted from unfavorable market fluctuations. Disclosure of these deficiencies is required under GAAP; however, there is no legal obligation for the Foundation to fund these deficiencies.

Return Objective and Risk Parameters

The Foundation has adopted an investment policy for endowment assets with an objective to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an average annual total return in excess of a Policy Index, net of investment management expenses, over a rolling five-year period. The Policy Index is a blend of 40% Russell 3000 index, 40% MSCI EAFE and 20% Barclay's Capital Aggregate Bond Index. The risk objective is to attain a risk level (as measured by standard deviation over a rolling five-year period) below the Policy Index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Foundation's policy, as approved by the Board of Directors, is to appropriate for distribution each year the greater of: (A) four percent (4%) of the current market value of the endowment, or (B) four point five percent (4.5%) of the endowment's trailing thirty-six (36) month average fair market value. Distributions are appropriated monthly. This policy has not changed for the fiscal years presented. The policy is intended to be consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment return.

7. SPLIT-INTEREST AGREEMENTS

The Foundation follows the provisions of the American Institute of Certified Public Accountants (AICPA) audit and accounting guide, *Not-For-Profit Organizations*, which requires the recording of all unconditional, irrevocable split-interest agreements under which the Foundation is entitled to receive a benefit. With the exception of charitable gift annuities, split-interest agreements are carried out through the formation of charitable trusts, the trustees of which may be either the Foundation or third parties such as commercial banks. A summary of the Foundation's split-interest agreements follows.

Charitable Gift Annuities

The Foundation has entered into several charitable gift annuity contracts. These contracts require the Foundation to make fixed payments to the beneficiaries over their lifetimes. Under a charitable gift annuity contract, the assets received by the Foundation are immediately available for use by the Foundation, and as such, are not held in trust separately from other investments of the Foundation. The obligation to make periodic disbursements to the beneficiaries becomes a general obligation of the Foundation. On the date each charitable gift annuity was established, the Foundation recorded a contribution equal to the difference between the amount transferred from the donor and the present value of the future cash flows expected to be paid to the specified beneficiaries using a discount rate equal to the then current Applicable Federal Rate.

The Foundation has a liability for Charitable Gift Annuities of $727,710 and $738,955 as of June 30, 2013 and June 30, 2012, respectively.

Charitable Trusts Held by the Foundation

Charitable Remainder Trusts: The Foundation is the remainder beneficiary of various charitable remainder trusts requiring it to make annual distributions to the specified life income beneficiaries. Charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trusts' terms and/or designated beneficiaries' lifetimes, respectively. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. Certain trusts specify that payments to the beneficiaries are limited to total trust income. Other trusts require that the Foundation make fixed payments or payments based on a fixed percentage of the fair value of the trusts' assets. At the end of the trusts' terms, the remaining assets are available for the Foundation's use.

In the case of a charitable remainder annuity trust, the distribution is a fixed amount, whereas in the case of a charitable remainder unitrust, the distribution is computed at a fixed percentage of the fair value of the trust's assets at rates ranging from 5 percent to 10 percent.

On the date each trust was established, the Foundation recorded a contribution equal to the difference between the fair value of the assets placed in trust and the amount of the estimated present value of the distributions to be made to the life income beneficiaries over the terms of the trusts, discounted at the then current Applicable Federal Rate. After recording the initial contribution, the Foundation has been making the stipulated annual distributions, recording investment gains and losses on the assets held in the trusts, and amortizing the discounts to present value. On any given date, the Foundation's remainder interest is represented by the difference between the fair value of the assets held by the trust and the present value of the estimated remaining distributions to be made to the life income beneficiaries.

Charitable Lead Trust: The Foundation is the beneficiary of two charitable lead trusts. The trusts are designed to make periodic payments to the Foundation for a fixed period of years, after which the trusts terminate and the assets pass to the designated individuals.

On the date the trusts were established, the Foundation recorded a contribution equal to the present value of the distributions to be made to the Foundation over the term of the trusts, using an estimated discount rate of three percent (3%).

Pooled Life Income Fund: The Foundation manages a Pooled Life Income Fund whereby the contributions of many donors may be combined for investment purposes. Each donor receives actual investment earnings in proportion to his or her ownership interest in the Fund. At the time of the donor's death, the value of the donor's ownership interest is assigned to the Foundation. On the date each Pooled Life Income Fund account was established, the Foundation recorded a contribution equal to the fair value of the assets received discounted for a term equal to the life expectancy of the donor at a rate mandated by the IRS based on the average of the monthly IRS discount rate over the past three calendar years.

Total split-interest agreements associated with trusts administered by the Foundation are as follows at:

June 30,	2013	2012
Assets held in charitable remainder trusts	$ 38,978,968	$ 55,975,163
Assets held in charitable lead trusts	2,130,325	2,107,130
Assets held in pooled life income fund	178,900	181,834
	41,288,193	58,264,127
Less associated liabilities	(18,858,934)	(18,629,498)
Net present value of trust assets administered by Foundation	$ 22,429,259	$ 39,634,629

In August of 2012, a charitable remainder trust termed resulting in a liquidation of approximately $19.3 million which was transferred to a current gift fund at the Foundation.

For the years ended June 30, 2013 and 2012, $144,897 and $121,504 respectively, were included in contributions revenue relating to new split-interest agreements.

Charitable Trusts Held by Others

Charitable Remainder Trusts: The Foundation is the remainder beneficiary of various charitable remainder trusts held by others. Charitable remainder trusts provide for the payment of distributions to the donor or other designated beneficiaries over the donor's or other designated beneficiaries' lifetimes. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. At the inception of each trust, the Foundation recorded a contribution equal to the estimated discounted present value of the distribution expected to be received upon the termination of each trust. Thereafter, the Foundation has been recording adjustments to that estimate based on changes in the fair value of trust assets, changes in actuarial assumptions, and amortization of the discount to net present value.

The net present value of the Foundation's beneficial interest in these trusts is as follows at:

June 30,	2013	2012
Gross value of beneficial interests	$ 16,879,025	$ 16,925,965
Less unamortized discount	(11,468,658)	(11,780,435)
Net present value of beneficial interests	$ 5,410,367	$ 5,145,530

Perpetual Trusts: Perpetual trusts provide for the distribution of the net income of the trusts to the Foundation; however, the Foundation will never receive the assets of the trusts. At June 30, 2013 and 2012, the fair value of assets held in perpetual trusts for the benefit of the Foundation was $132,838.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

June 30,	2013	2012
Land, building and improvements	$ 8,090,914	$ 6,992,889
Furniture and fixture	1,532,265	1,532,265
Equipment and other	3,351,603	3,201,444
	12,974,782	11,726,598
Less accumulated depreciation	(10,289,620)	(9,678,191)
Property and equipment, net	$ 2,685,162	$ 2,048,407

9. LINE OF CREDIT

In February 2011, the Foundation renewed a $20-million, three-year committed, unsecured line of credit with a bank. The interest rate on draws will be at the LIBOR index floating rate plus 1.75 percentage points. The line of credit contains both a borrowing base calculation and annual loan covenants. The loan covenants were met and the borrowing base calculations allowed for full access to the line of credit at June 30, 2013 and June 30, 2012. No amounts were outstanding at June 30, 2013 or June 30, 2012.

10. CAPITAL LEASE OBLIGATIONS

Effective October 1, 1999, the Foundation entered into an agreement to lease the building in which it operates at Walnut Street in Boulder, Colorado. Under terms of the lease, payments of $54,750 are to be paid monthly through September 2014, subject to an annual CPI adjustment. Interest on the capital lease liability is imputed at 11.3% annually. The Foundation is also responsible for its share of the total costs incurred for operation, maintenance, and repair of the common areas as the sole tenant. In addition, the lessor has promised to make a nonreciprocal transfer of the building or its cash equivalent to the Foundation on or before September 2014. As a result of the commitment to transfer ownership of the building, the Foundation has accounted for the lease as a capital lease.

Future payments and interest are due under the capital lease as follows at June 30, 2013:

Total minimum lease payments required	$ 1,301,963
Less amount representing interest	(93,567)
Present value of minimum lease payments	$ 1,208,396

Minimum lease payments due in each of the next five years and for the period thereafter are as follows:

Year ending June 30:	
2014	1,039,797
2015	262,166
2016	–
2017	–
2018	–
	$ 1,301,963

At June 30, 2013, the book value and accumulated depreciation of property and equipment under the capital lease totaled $5,750,000 and $4,826,250, respectively.

11. NET ASSETS

Unrestricted net assets are comprised of the following at:

June 30,	2013	2012
Biofrontiers Institute	$ 5,240,053	$ 7,011,504
Stem Cell Center—Anschutz Medical Campus	1,938,922	3,000,000
University of Colorado—Colorado Springs	3,880,106	4,636,563
Endowment to support fundraising budget	21,553,479	20,449,284
Funds held for Boulder Alumni Association	1,233,037	772,946
Total designated	33,845,597	35,870,297
Undesignated	33,458,972	27,566,180
Less reserve for underwater endowments	(6,665)	(196,793)
Total undesignated	33,452,307	27,369,387
Total unrestricted net assets	$ 67,297,904	$ 63,239,684

Restricted net assets are comprised of the following at:

June 30,	2013	2012
Temporarily restricted:		
Academic	$142,644,835	$130,954,950
Athletics	6,094,109	5,474,579
Faculty and staff compensation	18,322,769	14,307,820
Financial aid	115,969,897	102,272,657
Land, buildings, and equipment	30,313,306	50,823,035
Library	5,340,223	5,318,173
Other academic purposes	54,604,298	43,152,978
Professorship chairs	126,446,027	109,015,471
Research	52,002,673	46,986,994
Total temporarily restricted	$551,738,137	$508,306,657

June 30,	2013	2012
Permanently restricted:		
Academic	$ 31,458,110	$ 27,511,747
Athletics	263,428	262,044
Faculty and staff compensation	15,951,168	14,039,352
Financial aid	122,697,697	111,394,370
Land, buildings, and equipment	174,515	174,290
Library	6,528,711	5,836,887
Other academic purposes	15,669,530	14,828,643
Professorship chairs	177,416,512	158,657,640
Research	27,830,681	17,514,867
Total permanently restricted	$397,990,352	$350,219,840

12. NET ASSETS RELEASED FROM PURPOSE RESTRICTIONS

Net assets released from purpose restrictions are comprised of the following at:

Year ended June 30,	2013	2012
Academic	$ 31,283,042	$ 28,763,825
Athletics	5,984,102	6,337,216
Faculty and staff compensation	1,541,855	1,537,361
Financial aid	15,515,473	15,531,647
Land, buildings, and equipment	30,705,688	25,793,029
Library	503,967	608,549
Other academic purposes	7,931,092	6,812,055
Professorship chairs	8,979,119	8,219,867
Research	10,490,598	9,732,059
Distributed to other charitable entities	233,278	368,274
Total net assets released	$113,168,214	$103,703,882

13. OPERATING LEASES

The Foundation leases office space and equipment under various non-cancelable operating lease agreements that expire at various dates through 2016. The approximate future minimum lease payments under these leases are as follows:

Year ending June 30:	
2014	$ 166,253
2015	154,976
2016	27,720
Total	$ 348,949

Lease expense incurred during the years ended June 30, 2013 and 2012 was $170,256 and $161,489, respectively.

14. COMMITMENTS AND CONTINGENCIES

Employee Benefit Plan

The Foundation sponsors a 401(k) plan for the benefit of its employees. Under the 401(k) plan, the Foundation matches employee contributions up to 6% of the employee's salary. For the fiscal years ended June 30, 2013 and 2012, the Foundation's matching contributions were $714,830 and $636,851, respectively.

Guarantees

The Foundation assists the University by guaranteeing a limited number of primary residence loans, through a local federal credit union, for qualified University full-time tenured and tenure–track faculty members under a program called the Faculty Housing Assistance Program (FHAP). The Foundation guarantees up to $80,000 for each qualified loan. As of June 30, 2013, the Foundation has guaranteed 22 FHAP loans totaling $1,443,381. As a condition of the guarantees made by the Foundation, the sponsoring institution has required the Foundation to maintain a designated cash balance of approximately $250,000. This balance is included in other assets.

Legal

The Foundation has been involved in various claims and other legal proceedings that arise from time to time in the ordinary course of business. The Foundation does not believe such matters will have a material adverse effect on its financial position, changes in net assets or cash flows.

15. RELATED PARTY TRANSACTIONS

In addition to amounts and transactions disclosed in the preceding notes and financial statements, the following is a summary of related party transactions between the Foundation and the University.

As part of its program operations, the Foundation received certain development service fees from the University for the years ended June 30, 2013 and 2012, respectively, as follows: $5.1 million and $5.1 million for fundraising operations and other programs; $2.5 million and $2.3 million for development service fees from the University's custodial funds.

CU Foundation Officers, Leadership, and Locations

CHAIR

Carl A. ("Spike") Eklund ('67 AS, '71 JD) is a partner at Ballard Spahr in Denver, specializing in bankruptcy and corporate restructuring. Carl has served on the CU Foundation board since 2005 as a trustee, director and chair of the membership and governance committees. Prior to his Foundation work, he was involved at the campus level as a member of the Law School Building steering committee. Carl and Nan Eklund serve as the *Creating Futures* campaign chairs for the Anschutz Medical Campus. Carl is a recipient of the Law School Alumni Board's Award for Distinguished Achievement in Private Practice (1995). In 2000, he became a member of The Honorary Order of the Coif. Carl and his wife Nan, who holds a master's degree in the Child Health Associate Program from CU Denver, live in Denver.

VICE CHAIR

Jeremy O. May ('92 BU) is president of ALPS Fund Services, Inc., a company that provides administration services to open-end, closed-end, exchange-traded and alternative investment funds. Jeremy is also president and chairman of the board of the Reaves Utility Income Trust and the ALPS Series Trust. He has been a director and trustee of the CU Foundation since 2006 and was elected vice chair of the board in 2012. Since 2006, Jeremy has chaired the CU Foundation's audit committee, compensation committee, and (currently) the Governance committee. He is a graduate of CU-Boulder and resides in Denver.

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**** As of June 30, 2013***

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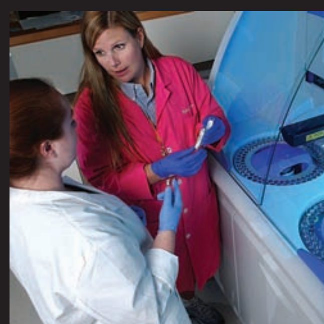

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